

Message Text

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61

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 INT-08 FEA-02 SCI-06 AF-10 IO-14

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 AID-20 EB-11

CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 COME-00 FRB-02

XMB-07 OPIC-12 LAB-06 SIL-01 EA-11 NIC-01 DRC-01 /238 W

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R 161530Z JAN 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9619

INFO AMEMBASSY THE HAGUE

AMEMBASSY TEHRAN

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS

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STATE ALSO FOR T/IEP

E.O. 11652: NA

TAGS: ENRG, IR, BE

SUBJECT: ENERGY: BELGO-IRANIAN PETROLEUM REFINERY

REF: BRUSSELS 0231

1. SUMMARY: FOLLOWING TWO DAYS INTENSIVE POLITICAL DEBATE, BELGIAN CABINET MEETING CONCLUDED AT FOUR O'CLOCK IN THE MORNING JANUARY 16 WITH CONDITIONAL APPROVAL OF PROPOSED BELGO-IRANIAN PETROLEUM REFINERY (IBRAMCO) FOR LIEGE AREA. PROJECT HAD BECOME PROMARY OBJECTIVE OF SOCIALIST PARTY (PSB). OTHER MEMBERS OF COALITION GOVERNMENT UNWILLING TO BLOCK PROJECT, NEVERTHELESS DUG IN HEELS AT LAST MOMENT AND ATTACHED NUMBER OF CONDITIONS TO APPROVAL IN PRINCIPLE. WHILE ALL OF SOCIALISTS' COCOALITION PARTNERS EXPRESSED

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VARYING DEGREES OF UNHAPPINESS WITH PROJECT AS ORIGINALLY NEGOTIATED BY SOCIALIST PARTY REPRESENTATIVES, SUFFICIENT

AGREEMENT IN PRINCIPLE WAS OBTAINED TO KEEP IBRAMCO PROJECT FROM JEOPARDIZING LIFE OF CURRENT COALITION. END SUMMARY.

2. CABINET ISSUED STATEMENT AT CONCLUSION OF JANUARY 15-16 NIGHT LONG SESSION ANNOUNCING AGREEMENT IN PRINCIPLE THAT JOINT BELGO-IRANIAN PETROLIUM REFINERY IS OBJECTIVE OF CURRENT COALITION GOVERNMENT. HOWEVER, STATEMENT EXPRESSES RESERVATIONS ON MAJOR ISSUES (PRICE, METHODS, AND CONDITIONS OF DELIVERY OF CRUDE PETROLEUM, PROPOSED LOCATION AT LANAYE NEAR DUTCH BORDER WHICH HAS RAISED PROTESTS ON ANTI-POLLUTION GROUNDS FROM THE HAGUE, WHEHTER GOB FINANCING WILL COME FROM WALLONIAN OR NATIONAL FUNDS) WHICH HAVE NOT BEEN RESOLVED TO SATISFACTION ON NON-SOCIALIST MEMBERS OF GOVERNMENT. NON-SOCIALIST MEMBERS OF GOVERNMENT HAVE ALSO INTRODUCED IDEA THAT FINAL APPROVAL OF PROJECT SHOULD BE OBTAINED FROM PARLIMENT.

3. GOVERNMENT STATEMENT SAID THAT BELGIAN DELEGATION WILL LEAVE SHORTLY FOR TEHRAN TO DISCUSS OUTSTANDING MATTERS WITH NATIONAL IRANIAN OIL COMPANY (NIOC).

4. CABINET APPROVED CONCEPT OF ANTWERP-LIEGE PETROLEUM PIPELINE TO SUPPLY OBRAMCO REFINERY AND AUTHORIZED CREATION OF COMPANY TO BEGIN PLANNING AND DESIGN. CABINET ALSO EXPRESSED GOVERNMENT INTENTION TO FOLLOW INSTALLATION OF REFINERY (WHEN AND IF APPROVED BY ALL MEMBERS OF GOVERNMENT) WITH CREATION OF PETROCHEMICAL INDUSTRY.

5. COMMENT: LIBERAL PARTY MEMBERS OF CABINET AND PARLIMENT SHOW THEMSELVES DIVIDED ON PROJECT AND RELUCTANT TO FLIGHT IT DIRECTLY AND WITH FULL RESOLUTION. AVOIDING THREATS TO BRING DOWN LEBURTON GOVERNMENT, CATHOLICS NEVERTHELESS MANIFEST UNHAPPINESS WITH VAGUE AND UNBUSINESSLIKE ARRANGEMENTS WORKED OUT BY SOCIALISTS. WHILE EXPRESSING APPROVAL IN PRINCIPLE, THEY ARE LIKELY TO CONTINUE TO RAISE SERIES OF CONTENTIOUS QUESTION.

6. NEXT HURTLE FOR SOCIALIST PRIME MINISTER LEBURTON AND LIMITED OFFICIAL USE
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HIS GOVERNMENT WILL BE THAT OF IRANIAN ATTITUDE. WE WERE TOLD LAST DECEMBER THAT NIOC AND GOI HAD BECOME IMPATIENT WITH GOV PROCRASTINATION ON PROJECT AND HAD THEREFORE SET JANUARY 15 DEADLINE. HOWEVER, GOVERNMENT SOURCES NOW TELLS US THAT GOB HAS BEEN IN CONTACT WITH IRANIAN DIPLOMATIC REPRESENTATIVES IN BRUSSELS (APPARENTLY BOTH IRANIAN AMBASSADOR TO BELGIUM AND NEW IRANIAN ROVING "ECONOMIC AMBASSADOR TO EUROPE" BASED IN BRUSSELS) WHO ASSURE GOB THAT GOI REMAINS INTERESTED IN OBTAINING PARTICIPATION IN REFINERY OPERATIONS IN EUROPE BY LOCATING IN BELGIUM AND THAT

NIOC PREPARED TO RENEGOTIATE DETAILS OF IBRAMCO PROPOSAL.
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